Illinois Department of Insurance

1999



65th Annual Report and Summary of Annual Statements

George H. Ryan

GOVERNOR

Nathaniel S. Shapo

DIRECTOR



STATE OF ILLINOIS

DEPARTMENT OF INSURANCE 320 WEST WASHINGTON STREET SPRINGFIELD, ILLINOIS 62767-0001

GEORGE H. RYAN

GOVERNOR

DIRECTOR

Honorable George H. Ryan Governor State of Illinois Springfield, Illinois

Dear Governor Ryan:

I am pleased to submit this Annual Report summarizing the activities and fiscal operations of the Department of Insurance in 1999. As the final chronicle of our agency in the 20th Century, this year's report also takes a look back at important events in state insurance regulation over the past several decades.

Several new laws enacted in 1999 will strengthen the Department's regulatory oversight and consumer protection programs. The Managed Care Reform and Patient Rights Act tightens requirements on health maintenance organizations, insurance companies, doctors, and other health care providers thereby giving Illinois insurance consumers greater control of their health care. Other health insurance initiatives include new requirements that health care plans make timely payments to health care providers and the application of risk based capital standards to HMOs.

Another new law, the Protected Cell Company Act, authorizes insurance companies to offer debt securities directly to the capital markets thereby facilitating Illinois' ability to compete in the global insurance market.

With the enactment of the Gramm-Leach-Bliley (Financial Services Modernization) Act in November, state insurance regulation faces significant change and unprecedented challenges. The new federal law establishes a framework for the entry of banks and other financial institutions into the insurance marketplace. Illinois has been a leader in the National Association of Insurance Commissioners' efforts to protect the rights of consumers and preserve the states' functional regulation of the insurance industry.

The Department's regulatory initiatives and a summary of the 1999 financial statements of all licensed insurance companies are outlined in the report that follows.

Respectfully submitted,

Nathaniel S. Shapo Director

Table of Contents

Directors of Insurance
Department Organization
The Department of Insurance—Then and Now
The Year in Review
Insurance Legislation
1999 Rulemaking
Administrative Services
Consumer Protection
Senior Health Insurance Program
Financial Regulation
Legal Activities
Office of the Special Deputy
Surplus Lines Companies
Lines of Authority
Summary of Annual Statements



Nathaniel S. Shapo Director



Madelynne Brown Assistant Director



Arnold Dutcher Chief Deputy Director

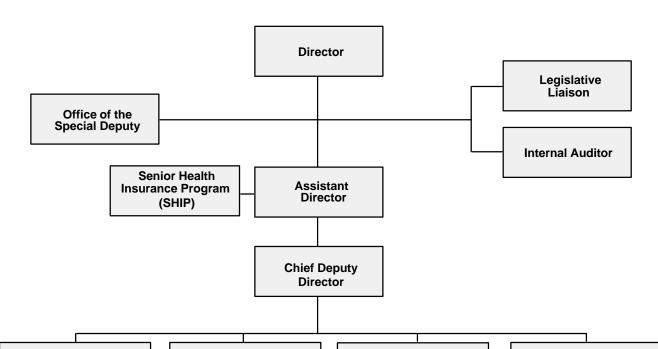
Directors of Insurance

Nathaniel S. Shapo Arnold Dutcher (Acting) Mark Boozell	1999–present 1998–1999	Laddie T. Pelnar (Acting) Robert E. Barrett	1954 1953–1954
	1995–1998 1994–1995	J. Edward Day Harry B. Hershey	1950–1953 1949–1950
James W. Schacht (Acting) Stephen F. Selcke	1991–1994	N. P. Parkinson	1949–1930
James W. Schacht (Acting)	1991–1994	Paul F. Jones	1944–1949
Zack Stamp	1989–1991	S. Hayden Davis	1941–1944
John E. Washburn	1983–1989	Ernest Palmer	1933–1940
James W. Schacht (Acting)	1982–1983	Harry Hanson	1930–1940
Philip R. O'Connor	1979–1982	George Huskinson	1927–1930
Richard L. Mathias	1979–1982	Alex Johnson	1927–1930
Michael P. Duncan	1976–1979	Thomas J. Houston	1923–192 <i>1</i> 1921–1923
Dennis W. Toivonen (Acting)	1976	Fred W. Potter	1917–1921
Robert B. Wilcox	1974–1976	Rufus Potts	1917–1921
Fred A. Mauck	1974–1976	Fred W. Potter	1907–1913
James Baylor	1969–1973	William R. Vredenburgh	1907–1913
John E. Bolton, Jr.	1965–1969	Henry Yates	1903–1907
Richard G. Hershey	1963–1965	James R. Van Cleave	1897–1901
-	1957–1963	Bradford Durfee	1893–1897
Joseph S. Gerber Justin T. McCarthy	1954–1957	Diadioid Duffee	1090-1097
Justin I. McCartily	1934-1937		



Former Directors of the Department of Insurance include (front row I-r): Joseph Gerber, Fred Mauck, Michael Duncan, James Baylor, Philip O'Connor. Back row (I-r): Stephen Selcke, Richard Mathias, John Washburn, James Schacht, Dennis Toivonen, Zack Stamp, Robert Wilcox.

Department Organization



Administrative **Services Division**

Information Systems Section

Personnel Management Section

Record Services Section

Mail/File Services Unit Microfilm/Quality Control Unit

Staff Development and Training

Tax & Fiscal Services Section

Fiscal Services Unit Securities Unit Tax & Audit Unit

Word Processing Section

Consumer **Market Division**

Life/Accident & Health **Compliance Section**

HMO Compliance Unit L/A&H Compliance Unit Office of Consumer Health Insurance

Property/Casualty Compliance Section

P&C Compliance Unit

Consumer Services Section

L/A&H Unit Outreach Program

Cost Containment Section

Market Conduct Section

Producer Section

Licensing & Communication/ **Education Units** Producer Regulatory Unit

Legal Division

Counsel

Hearings

Procurement Management

Rules Unit/FOIA

Financial-Corporate **Regulatory Division**

Casualty Actuarial Section

Life Actuarial Section

Corporate Regulation Section

L/A&H Corporate Unit P&C Corporate Unit Non-Admitted Insurers Regulatory Unit

L/A&H Examination Section

P&C Examination Section

Financial Regulation Section

HMO Financial Analysis Unit L/A&H Financial Analysis Unit P&C Financial Analysis Unit L/A&H Regulatory Action P&C Regulatory Action Unit

Public Pension Section